

**UNIFIED SCHOOL DISTRICT NO. 263  
MULVANE, KANSAS**

**FINANCIAL STATEMENT  
JUNE 30, 2018**

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**BUSBY FORD & REIMER, LLC**

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CERTIFIED PUBLIC ACCOUNTANTS

**UNIFIED SCHOOL DISTRICT NO. 263**  
**TABLE OF CONTENTS**  
**JUNE 30, 2018**

	<u>Page</u>
Independent Auditors' Report	1 – 3
<b>Financial Statement</b>	
Summary of Cash Receipts, Expenditures, and Unencumbered Cash	4
Notes to Financial Statement	5 – 11
<b>Regulatory Required Supplementary Information</b>	
Summary of Expenditures - Actual and Budget	12
Schedule of Cash Receipts and Expenditures - Actual and Budget	
General Fund	13
Supplemental General Fund	14
At Risk (4 Year Old) Fund	15
At Risk (K-12) Fund	16
Bilingual Education Fund	17
Virtual Education Fund	18
Capital Outlay Fund	19
Driver Training Fund	20
Extraordinary School Program Fund	21
Food Service Fund	22
Professional Development Fund	23
Parent Education Fund	24
Special Education Fund	25
Career and Postsecondary Education Fund	26
KPERs Contribution Fund	27
Historical Museum Fund	28
Recreation Commission Fund	29
Recreation Commission Employee Benefits Fund	30
Bond & Interest Fund	31
Schedule of Cash Receipts and Expenditures - Actual	
Federal Funds	32
Gifts & Grants Fund	33
Contingency Reserve Fund	34
Textbook & Student Material Revolving Fund	35
Schedule of Cash Receipts and Cash Disbursements	
Agency Funds	36 – 37
Schedule of Cash Receipts, Expenditures, and Unencumbered Cash	
District Activity Funds	38 – 39
<b>Federal Award Information</b>	
Report On Internal Control Over Financial Reporting And On Compliance	
And Other Matters Based On an Audit of Financial Statements Performed	
In Accordance With <i>Government Auditing Standards</i>	40 – 41
Report On Compliance for Each Major Program And On Internal Control	
Over Compliance Required By The Uniform Guidance	42 – 43
Schedule of Expenditures of Federal Awards	44
Notes to Schedule of Expenditures of Federal Awards	45
Schedule of Findings and Questioned Costs	46
Schedule of Prior Year Findings and Questioned Costs	47



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# BUSBY FORD & REIMER, LLC

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CERTIFIED PUBLIC ACCOUNTANTS

## INDEPENDENT AUDITORS' REPORT

**Board of Education  
Unified School District No. 263  
Mulvane, Kansas**

We have audited the accompanying fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances of **Unified School District No. 263, Mulvane, Kansas**, as of and for the year ended **June 30, 2018**, and the related notes to the financial statement.

*Management's Responsibility for the Financial Statement*

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the *Kansas Municipal Audit and Accounting Guide* as described in Note 1 to meet the financial reporting requirements of the State of Kansas. Management is also responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statement that is free from material misstatement, whether due to fraud or error.

*Auditors' Responsibility*

Our responsibility is to express an opinion on the financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Kansas Municipal Audit and Accounting Guide*. Those standards require we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on auditors' judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Board of Education**  
**Unified School District No. 263**

*Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America*

As described in Note 1 of the financial statement, the financial statement is prepared by **Unified School District No. 263, Mulvane, Kansas**, to meet the requirements of the State of Kansas on the basis of the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide*, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

*Adverse Opinion on Accounting Principles Generally Accepted in the United States of America*

In our opinion, because of the significance of the matter discussed in the "Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles" paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of **Unified School District No. 263, Mulvane, Kansas**, as of **June 30, 2018**, or changes in financial position and cash flows thereof for the year then ended.

*Opinion on Regulatory Basis of Accounting*

In our opinion, the financial statement referred to above presents fairly, in all material respects, the aggregate cash and unencumbered cash balance of **Unified School District No. 263, Mulvane, Kansas**, as of **June 30, 2018**, and the aggregate receipts and expenditures for the year then ended in accordance with the financial reporting provisions of the *Kansas Municipal Audit and Accounting Guide* described in Note 1.

*Report on Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the fund summary statement of regulatory basis receipts, expenditures, and unencumbered cash balances (basic financial statement) as a whole. The summary of regulatory basis expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual and budget, individual fund schedules of regulatory basis receipts and expenditures-actual, agency funds schedules of regulatory basis cash receipts and disbursements and district activity funds schedules of regulatory basis cash receipts, expenditures and unencumbered cash (Regulatory-Required Supplementary Information as listed in the table of contents) are presented for analysis and are not a required part of the basic financial statement, however are required to be presented under the provisions of the *Kansas Municipal Audit and Accounting Guide*. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statement.

**Board of Education  
Unified School District No. 263**

The information has been subjected to the auditing procedures applied in the audit of the basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statement or to the basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statement as a whole, on the basis of accounting described in Note 1.

The 2017 Actual column presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budget and individual fund schedules of regulatory basis receipts and expenditures-actual (as listed in the table of contents) is also presented for comparative analysis and is not a required part of the 2017 basic financial statement upon which we rendered an unmodified opinion dated November 17, 2017. The 2017 basic financial statement and our accompanying report are not presented herein but are available in electronic form from the web site of the Kansas Department of Administration at the following link <http://da.ks.gov/ar/muniserv/>. Such 2017 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2017 basic financial statement. The 2017 comparative information was subjected to the auditing procedures applied in the audit of the 2017 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2017 basic financial statement or to the 2017 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2017 comparative information is fairly stated in all material respects in relation to the 2017 basic financial statement as a whole, on the basis of accounting described in Note 1.

*Other Reporting Required by Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2018, on our consideration of **Unified School District No. 263, Mulvane, Kansas'** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **Unified School District No. 263, Mulvane, Kansas'** internal control over financial reporting and compliance.

***Busby Ford & Reimer, LLC***

Busby Ford & Reimer, LLC  
November 7, 2018



**UNIFIED SCHOOL DISTRICT NO. 263**  
**SUMMARY OF CASH RECEIPTS, EXPENDITURES,**  
**AND UNENCUMBERED CASH**  
**REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Fund	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
General Fund	\$ 0	\$ 0	\$ 10,284,685	\$ 10,284,685	\$ 0	\$ 0	\$ 0
Special Purpose Funds							
Supplemental General	324,053	0	3,823,959	3,736,590	411,422	71,714	483,136
At Risk (4 Year Old)	0	0	70,859	70,859	0	0	0
At Risk (K-12)	0	0	1,122,708	1,122,708	0	0	0
Bilingual Education	0	0	2,673	2,673	0	0	0
Virtual Education	0	0	0	0	0	0	0
Capital Outlay	1,017,874	0	1,503,175	1,560,987	960,062	10,444	970,506
Driver Training	49,728	0	19,984	11,867	57,845	0	57,845
Extraordinary School Program	0	0	0	0	0	0	0
Food Service	348,183	0	941,460	939,659	349,984	6,208	356,192
Professional Development	42,722	0	33,361	35,587	40,496	0	40,496
Parent Education	0	0	29,457	29,457	0	0	0
Special Education	1,201,732	0	2,947,843	2,951,116	1,198,459	0	1,198,459
Career and Postsecondary Education	102,241	0	289,736	291,485	100,492	0	100,492
KPERS Contribution	0	0	1,417,821	1,417,821	0	0	0
Historical Museum	18,108	0	74,421	77,840	14,689	0	14,689
Recreation Commission	79,719	0	664,189	650,000	93,908	0	93,908
Recreation Commission Employee							
Benefits	7,093	0	53,556	59,559	1,090	0	1,090
Federal Funds	12,265	0	283,240	289,658	5,847	0	5,847
Gifts and Grants	187,640	0	86,183	135,054	138,769	0	138,769
Contingency Reserve	838,385	0	0	128,257	710,128	61,257	771,385
Textbook & Student Material							
Revolving	146,506	0	269,926	322,942	93,490	0	93,490
District Activity Funds	63,453	0	157,898	161,626	59,725	0	59,725
Debt Service Funds							
Bond and Interest	1,591,982	0	2,046,457	2,087,875	1,550,564	0	1,550,564
	<u>\$ 6,031,684</u>	<u>\$ 0</u>	<u>\$ 26,123,591</u>	<u>\$ 26,368,305</u>	<u>\$ 5,786,970</u>	<u>\$ 149,623</u>	<u>\$ 5,936,593</u>

Composition of Cash:

Checking Accounts	\$ 2,204,128
Money Market Accounts	3,827,651
	6,031,779
Agency Funds	(95,186)
	<u>\$ 5,936,593</u>

The notes to the financial statement are an integral part of this statement.

**UNIFIED SCHOOL DISTRICT NO. 263**  
**NOTES TO FINANCIAL STATEMENT**  
**JUNE 30, 2018**

**Note 1 - Summary of Significant Accounting Policies:**

Financial Reporting Entity

**Unified School District No. 263** is a municipal corporation established under State of Kansas statutes designed to meet educational requirements at the primary and secondary levels in and around Mulvane, Kansas. The District is governed by an elected seven-member Board of Education. The District's financial statement includes all funds over which the Board of Education exercises financial responsibility. Financial responsibility includes appointment of governing body members, designation of management, the ability to significantly influence operations and accountability for fiscal matters.

**KMAAG Regulatory Basis of Presentation Fund Definitions:**

**General Fund**-The primary operating fund. Used to account for all unrestricted resources except those required to be accounted for in another fund.

**Special Purpose Funds**-To account for the proceeds of specific receipts (other than major capital projects) that are restricted by law or administrative action to expenditure for specific purposes.

**Debt Service Fund**-To account for the accumulation of resources for and the payment of, interest and principal on general long-term debt.

**Agency Funds**-To account for resources held in a trustee or agency capacity for others which therefore cannot be used to support the government's own programs.

Regulatory Basis of Accounting and Departure from Accounting Principles Generally accepted in the United States of America

The KMAAG regulatory basis of accounting involves the recognition of cash, cash equivalents, marketable investments, and certain accounts payable and encumbrance obligations to arrive at a net unencumbered cash and investments balance on a regulatory basis for each fund, and the reporting of changes in unencumbered cash and investments of a fund resulting from the difference in regulatory basis receipts and regulatory basis expenditures for the fiscal year. All recognized assets and liabilities are measured and reported at cost, unless they have been permanently impaired and have no future cash value or represent no future obligation against cash. The KMAAG regulatory basis does not recognize capital assets, long-term debt, accrued receivables and payables, or any other assets, liabilities or deferred inflows or outflows, other than those mentioned above.

The District has approved a resolution that is in compliance with K.S.A. 75-1120a(c), waiving the requirement for application of accounting principles generally accepted in the United States of America and allowing the municipality to use the regulatory basis of accounting.

**UNIFIED SCHOOL DISTRICT NO. 263**  
**NOTES TO FINANCIAL STATEMENT**  
**JUNE 30, 2018**

**Budget and Tax Cycle**

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), and debt service funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding calendar year on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no amendments for the year ended June 30, 2018.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the encumbrance method of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the District for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

A legal operating budget is not required for capital projects funds, trust funds, and the following special purpose funds:

Federal Funds  
Contingency Reserve Fund  
District Activity Funds

Gifts and Grants Fund  
Textbook & Student Material Revolving Fund

Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

**Note 2 - In Substance Receipt in Transit:**

The District received \$743,042 subsequent to June 30, 2018, and as required by K.S.A. 72-6417 and 72-6434 the receipt was recorded as an in-substance receipt in transit and included as a receipt for the year ended June 30, 2018.



**UNIFIED SCHOOL DISTRICT NO. 263**  
**NOTES TO FINANCIAL STATEMENT**  
**JUNE 30, 2018**

**Note 3 - Defined Benefit Pension Plan:**

Plan Description

The District participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing, multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at [www.kpers.org](http://www.kpers.org) or by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Contributions

K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009 and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate of 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate with a 0% moratorium for the period of July 1, 2017 through September 30, 2017 for the Death and Disability Program) was 10.81% for the fiscal year ended June 30, 2017. The actuarially determined employer contribution rate was 12.01% for the fiscal year ended June 30, 2018. Per 2016 House Substitute for Senate Bill 161, Section 98(a)(1), state general fund and expanded lottery act revenue funds for employer contributions to KPERS were deferred. The amount deferred for school contributions was \$92,917,091 for the fiscal year ended June 30, 2016 and the anticipated repayments per SB249 were nullified per HB2052 during fiscal year 2017.

The State of Kansas contribution to KPERS for all school municipalities for the year ending June 30, 2017, received as of June 30<sup>th</sup> was \$304,596,361. Per 2017 Senate Substitute for House Bill 2052, Section 37(a), state general fund employer contributions to KPERS were decreased by \$64,130,234 for the fiscal year ended June 30, 2017. Section 43(17) of the bill also stipulates that repayments of the reduced contributions are to be amortized over twenty years at a level dollar amount commencing in fiscal year 2018. The level dollar amount was computed to be \$6.4 million dollars per year.

The State of Kansas is required to contribute the statutory required employer's share except for retired District employees. The District is responsible for the employer's portion of the cost for retired District employees. The District received and remitted amounts equal to the statutory contribution rate, which totaled \$1,417,821 for the year ended June 30, 2018.

**UNIFIED SCHOOL DISTRICT NO. 263**  
**NOTES TO FINANCIAL STATEMENT**  
**JUNE 30, 2018**

Net Pension Liability

At June 30, 2018, the District's proportionate share of the collective net pension liability reported by KPERS was \$16,571,663. The net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016, which was rolled forward to June 30, 2017. The District's proportion of the net pension liability was based on the ratio of the District's contributions to KPERS, relative to the total employer and non-employer contributions of the State/School subgroup within KPERS for the fiscal year ended June 30, 2017. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation of the KPERS collective net pension liability to all participating employers are publicly available on the website at [www.kpers.org](http://www.kpers.org) or can be obtained as described above.

**Note 4 - Deposits:**

K.S.A. 9-1401 establishes the depositories which may be used by the District. The statute requires banks eligible to hold the District's funds have a main or branch bank in the county in which the District is located or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The District has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the District's investment of idle funds to time deposits, open accounts and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The District has no investment policy that would further limit its investment choices.

*Concentration of credit risk.* State statutes place no limit on the amount the District may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

*Custodial credit risk – deposits.* Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may be returned to it. State statutes require the District's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. All deposits were legally secured at June 30, 2018.

At June 30, 2018, the District's carrying amount of deposits was \$6,031,779 and the bank balance was \$6,248,796. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$250,000 was covered by federal depository insurance and the remaining \$5,998,796 was collateralized with securities held by the pledging financial institution's agent in the District's name.

**UNIFIED SCHOOL DISTRICT NO. 263**  
**NOTES TO FINANCIAL STATEMENT**  
**JUNE 30, 2018**

**Note 5 - Postemployment Benefits:**

As provided by K.S.A. 12-5040, the District allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the local government is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in the financial statement.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the government makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the government under this program.

**Note 6 - Compensated Absences:**

All permanent full-time employees are eligible for vacation and/or sick leave benefits in varying annual amounts depending on position and length of service.

Vacation

Twelve-month non-teacher personnel are provided vacation ranging from 2 to 4 weeks based on years of service. All earned vacation time is to be taken from July 1 to June 30 of each fiscal year and cannot be accumulated or carried forward.

Personal Leave

All classified employees who work at least 20 hours per week start each school year with 7 to 10 days of personal leave with full pay and may carry over a total of 5 days. All certified staff will be granted 10 days of personal leave with full pay and can carry over a total of 10 days into an accumulated sick leave account with an accumulated total of not more than 80 days. Twelve month building administrators start each school year with 30 days of personal leave with full pay and may carry over 15 days of personal leave. Ten and a half month building administrators and twelve-month directors start each school year with 20 days of personal leave with full pay and may carry over 10 days of personal leave. Terminated or retiring classified staff and administrators are compensated for their unused personal leave at a rate of \$8.00 per hour. Terminated or retiring certified staff are compensated for their unused personal leave at a rate of \$12.00 per day. The accumulated sick leave carried by employees as of July 1, 2008, will be carried forward in a sick leave reserve account that will be paid at the rate of \$12.00 per day upon retirement or resignation. Personal leave will be used before the sick leave reserve unless there is five consecutive days of absence. For financial statement purposes, personal leave is recognized when paid.

It is the policy of the District to record vacation and sick leave benefits as expenditures when paid.

**Note 7 - Subsequent Events:**

The District has evaluated subsequent events through November 7, 2018, the date which the financial statement was available to be issued.

**UNIFIED SCHOOL DISTRICT NO. 263**  
**NOTES TO FINANCIAL STATEMENT**  
**JUNE 30, 2018**

**Note 8 - Contingencies:**

Grant Programs

The District participates in various federal and state grant programs. These grant programs are often subject to additional audits by agents of the granting agency, the purpose of which is to ensure compliance with the specific conditions of the grant. Any liability for reimbursement which may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries commercial insurance for all risks of loss. Settled claims resulting from these risks have not materially exceeded commercial insurance coverage in any of the past three years.

**Note 9 - Reimbursed Expenses:**

The District records reimbursable expenditures in the fund that makes the disbursement and records reimbursements as revenue to the fund. For purposes of budgetary comparisons, the expenditures are properly offset by the reimbursements.

**Note 10 - Lease Agreements:**

As of June 30, 2018, the District received lease payments from two entities. The following is a listing of the property, terms and payment amounts for those leases:

Entity	Term of Lease	Payment per Month
Bloomshine Center	36 month term	\$10,500
Mulvane Recreation Commission	135 month term	\$8,650

**Note 11 - Interfund Transactions:**

Operating transfers in accordance with K.S.A. 72-7063 were as follows:

Transfer from:	Transfer to:									Total
	At Risk (4 Year Old)	At Risk (K-12)	Bilingual Education	Food Service	Professional Development	Parent Education	Special Education	Career and Postsecondary Education	Textbook & Student Material Revolving	
General Fund	\$ 65,639	\$ 1,111,014	\$ 2,673	\$ 0	\$ 0	\$ 0	\$ 1,666,356	\$ 174,352	\$ 0	\$ 3,020,034
Supplemental	0	0	0	4,112	10,000	11,607	800,000	115,384	102,619	1,043,722
General Fund	\$ 65,639	\$ 1,111,014	\$ 2,673	\$ 4,112	\$ 10,000	\$ 11,607	\$ 2,466,356	\$ 289,736	\$ 102,619	\$ 4,063,756

**UNIFIED SCHOOL DISTRICT NO. 263**  
**NOTES TO FINANCIAL STATEMENT**  
**JUNE 30, 2018**

**Note 12 - Long-Term Debt:**

Principal payments are due annually for general obligation bonds. Interest payments are due semi-annually.

Principal and interest payments on the capital leases are due semi-annually and monthly.

Terms for long-term liabilities for the District for the year ended June 30, 2018, were as follows:

Issue	Interest Rate	Date of Issue	Amount of Issue	Date of Final Maturity
General Obligation Bonds				
2012 Series	2.50	8/1/12	\$ 20,755,000	9/1/25
2013 Series	1.50	6/1/13	\$ 1,410,000	9/1/18
Capital Leases				
Energy Equipment	4.189	6/29/11	\$ 1,185,832	6/29/23

Changes in long-term liabilities for the District for the year ended June 30, 2018, were as follows:

Issue	Balance Beginning of Year	Additions	Reductions/ Payments	Balance End of Year	Interest Paid
General Obligation Bonds					
2012 Series	\$ 16,335,000	\$ 0	\$ 1,690,000	\$ 14,645,000	\$ 397,875
2013 Series	575,000	0	285,000	290,000	6,487
	<u>16,910,000</u>	<u>0</u>	<u>1,975,000</u>	<u>14,935,000</u>	<u>404,362</u>
Capital Leases					
Energy Equipment	666,280	0	99,863	566,417	26,875
	<u>666,280</u>	<u>0</u>	<u>99,863</u>	<u>566,417</u>	<u>26,875</u>
	<u>\$ 17,576,280</u>	<u>\$ 0</u>	<u>\$ 2,074,863</u>	<u>\$ 15,501,417</u>	<u>\$ 431,237</u>

Current maturities of long-term debt and interest for the next five years and in five-year increments through maturity are as follows:

	Principal			Interest			Total
	General Obligation Bonds	Capital Leases	Total Principal	General Obligation Bonds	Capital Leases	Total Interest	Principal and Interest
2019	\$ 2,050,000	\$ 104,090	\$ 2,154,090	\$ 357,363	\$ 22,648	\$ 380,011	\$ 2,534,101
2020	1,825,000	108,497	1,933,497	310,813	18,243	329,056	2,262,553
2021	1,885,000	113,089	1,998,089	264,812	13,650	278,462	2,276,551
2022	1,960,000	117,876	2,077,876	217,188	8,863	226,051	2,303,927
2023	2,030,000	122,865	2,152,865	167,750	3,873	171,623	2,324,488
2024 - 2028	5,185,000	0	5,185,000	192,687	0	192,687	5,377,687
	<u>\$ 14,935,000</u>	<u>\$ 566,417</u>	<u>\$ 15,501,417</u>	<u>\$ 1,510,613</u>	<u>\$ 67,277</u>	<u>\$ 1,577,890</u>	<u>\$ 17,079,307</u>



**REGULATORY REQUIRED  
SUPPLEMENTARY INFORMATION**

**UNIFIED SCHOOL DISTRICT NO. 263**  
**SUMMARY OF EXPENDITURES - ACTUAL AND BUDGET**  
**REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Fund	Certified Budget	Adjustment to Comply with Legal Max	Adjustment for Qualifying Budget Credits	Total Budget for Comparison	Expenditures Chargeable to Current Year	Variance - Over (Under)
General Fund	\$ 10,587,057	\$ (304,857)	\$ 2,485	\$ 10,284,685	\$ 10,284,685	\$ 0
Special Purpose Funds						
Supplemental General	3,846,904	(110,314)	0	3,736,590	3,736,590	0
At Risk (4 Year Old)	110,150	0	0	110,150	70,859	(39,291)
At Risk (K-12)	1,147,836	0	0	1,147,836	1,122,708	(25,128)
Bilingual Education	8,012	0	0	8,012	2,673	(5,339)
Virtual Education	0	0	0	0	0	0
Capital Outlay	2,380,444	0	0	2,380,444	1,560,987	(819,457)
Driver Training	78,727	0	0	78,727	11,867	(66,860)
Extraordinary School Program	0	0	0	0	0	0
Food Service	1,148,191	0	0	1,148,191	939,659	(208,532)
Professional Development	76,985	0	0	76,985	35,587	(41,398)
Parent Education	35,000	0	0	35,000	29,457	(5,543)
Special Education	2,951,125	0	0	2,951,125	2,951,116	(9)
Career and Postsecondary Education	416,101	0	0	416,101	291,485	(124,616)
KPERS Contribution	1,469,303	0	0	1,469,303	1,417,821	(51,482)
Historical Museum	77,840	0	0	77,840	77,840	0
Recreation Commission	650,000	0	0	650,000	650,000	0
Recreation Commission Employee						
Benefits	59,559	0	0	59,559	59,559	0
Federal Funds	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	289,658	XXXXXXXXXX
Gifts and Grants	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	135,054	XXXXXXXXXX
Contingency Reserve	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	128,257	XXXXXXXXXX
Textbook & Student Material						
Revolving	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	322,942	XXXXXXXXXX
District Activity Funds	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	XXXXXXXXXX	161,626	XXXXXXXXXX
Debt Service Funds						
Bond and Interest	2,087,876	0	0	2,087,876	2,087,875	(1)
	<u>\$ 27,131,110</u>	<u>\$ (415,171)</u>	<u>\$ 2,485</u>	<u>\$ 26,718,424</u>	<u>\$ 26,368,305</u>	<u>\$ (1,387,656)</u>

**UNIFIED SCHOOL DISTRICT NO. 263**  
**SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -**  
**ACTUAL AND BUDGET**  
**REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2017)**

<u>General Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 3,195	\$ 2,485	\$ 4,000	\$ (1,515)
State Sources	10,853,911	10,282,200	10,583,057	(300,857)
	<u>10,857,106</u>	<u>10,284,685</u>	<u>\$ 10,587,057</u>	<u>\$ (302,372)</u>
Expenditures				
Instruction	5,123,677	5,168,634	\$ 5,334,947	\$ (166,313)
Student Support Services	247,022	234,054	256,000	(21,946)
Instructional Support Staff	242,830	255,187	256,600	(1,413)
General Administration	219,665	222,460	247,200	(24,740)
School Administration	868,510	894,878	896,000	(1,122)
Central Services	249,068	229,680	252,700	(23,020)
Operations & Maintenance	0	0	6,000	(6,000)
Student Transportation Services	235,230	259,758	266,700	(6,942)
Transfers	3,671,104	3,020,034	3,070,910	(50,876)
Adjustment to Comply with Legal Max	0	0	(304,857)	304,857
Adjustment for Qualifying Budget Credits	0	0	2,485	(2,485)
	<u>10,857,106</u>	<u>10,284,685</u>	<u>\$ 10,284,685</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	0	0		
Unencumbered Cash, Beginning	0	0		
Prior Year Canceled Encumbrances	0	0		
Unencumbered Cash, Ending	<u>\$ 0</u>	<u>\$ 0</u>		

**UNIFIED SCHOOL DISTRICT NO. 263**  
**SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -**  
**ACTUAL AND BUDGET**  
**REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2017)**

<u>Supplemental General Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 1,940,148	\$ 2,104,476	\$ 1,806,556	\$ 297,920
County Sources	211,952	216,701	204,643	12,058
State Sources	<u>1,524,615</u>	<u>1,502,782</u>	<u>1,511,652</u>	<u>(8,870)</u>
	<u>3,676,715</u>	<u>3,823,959</u>	<u>\$ 3,522,851</u>	<u>\$ 301,108</u>
Expenditures				
Instruction	678,630	778,928	\$ 682,074	\$ 96,854
Student Support Services	561	561	650	(89)
Instructional Support Staff	388	0	530	(530)
General Administration	54,408	101,004	68,100	32,904
School Administration	5,122	9,918	5,700	4,218
Central Services	276,830	317,148	291,500	25,648
Operations & Maintenance	1,374,392	1,485,309	1,550,500	(65,191)
Student Transportation	112,539	0	150,600	(150,600)
Transfers	908,666	1,043,722	1,097,250	(53,528)
Adjustment to Comply with Legal Max	<u>0</u>	<u>0</u>	<u>(110,314)</u>	<u>110,314</u>
	<u>3,411,536</u>	<u>3,736,590</u>	<u>\$ 3,736,590</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	265,179	87,369		
Unencumbered Cash, Beginning	58,874	324,053		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 324,053</u>	<u>\$ 411,422</u>		

**UNIFIED SCHOOL DISTRICT NO. 263**  
**SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -**  
**ACTUAL AND BUDGET**  
**REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2017)**

<u>At Risk (4 Year Old) Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 0	\$ 0	\$ 10,000	\$ (10,000)
Federal Sources	0	5,220	32,048	(26,828)
Transfers	67,600	65,639	68,102	(2,463)
	<u>67,600</u>	<u>70,859</u>	<u>\$ 110,150</u>	<u>\$ (39,291)</u>
Expenditures				
Instruction	67,600	70,859	\$ 110,150	\$ (39,291)
	<u>67,600</u>	<u>70,859</u>	<u>\$ 110,150</u>	<u>\$ (39,291)</u>
Receipts Over (Under) Expenditures	0	0		
Unencumbered Cash, Beginning	0	0		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 0</u>	<u>\$ 0</u>		



**UNIFIED SCHOOL DISTRICT NO. 263**  
**SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -**  
**ACTUAL AND BUDGET**  
**REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2017)**

<u>At Risk (K-12) Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 16,684	\$ 11,694	\$ 55,000	\$ (43,306)
Transfers	938,316	1,111,014	1,092,836	18,178
	<u>955,000</u>	<u>1,122,708</u>	<u>\$ 1,147,836</u>	<u>\$ (25,128)</u>
Expenditures				
Instruction	826,344	987,231	\$ 1,005,836	\$ (18,605)
Student Support Services	128,656	135,477	142,000	(6,523)
	<u>955,000</u>	<u>1,122,708</u>	<u>\$ 1,147,836</u>	<u>\$ (25,128)</u>
Receipts Over (Under) Expenditures	0	0		
Unencumbered Cash, Beginning	0	0		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 0</u>	<u>\$ 0</u>		

**UNIFIED SCHOOL DISTRICT NO. 263**  
**SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -**  
**ACTUAL AND BUDGET**  
**REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2017)**

<u>Bilingual Education Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Transfers	\$ 2,794	\$ 2,673	\$ 8,012	\$ (5,339)
	<u>2,794</u>	<u>2,673</u>	<u>\$ 8,012</u>	<u>\$ (5,339)</u>
Expenditures				
Instruction	2,794	2,673	\$ 8,012	\$ (5,339)
	<u>2,794</u>	<u>2,673</u>	<u>\$ 8,012</u>	<u>\$ (5,339)</u>
Receipts Over (Under) Expenditures	0	0		
Unencumbered Cash, Beginning	0	0		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 0</u>	<u>\$ 0</u>		

**UNIFIED SCHOOL DISTRICT NO. 263**  
**SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -**  
**ACTUAL AND BUDGET**  
**REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2017)**

<u>Virtual Education Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Transfers	\$ 16,328	\$ 0	\$ 0	\$ 0
	<u>16,328</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures				
Instruction	16,328	0	\$ 0	\$ 0
	<u>16,328</u>	<u>0</u>	<u>0</u>	<u>0</u>
Receipts Over (Under) Expenditures	0	0		
Unencumbered Cash, Beginning	0	0		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 0</u>	<u>\$ 0</u>		

**UNIFIED SCHOOL DISTRICT NO. 263**  
**SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -**  
**ACTUAL AND BUDGET**  
**REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2017)**

<u>Capital Outlay Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Local Sources	\$ 1,105,097	\$ 1,091,145	\$ 954,396	\$ 136,749
County Sources	80,239	96,186	91,354	4,832
State Sources	290,894	315,844	316,820	(976)
	<u>1,476,230</u>	<u>1,503,175</u>	<u>\$ 1,362,570</u>	<u>\$ 140,605</u>
Expenditures				
Instruction	2,557	2,729	\$ 376,400	\$ (373,671)
General Administration	1,468	600	100,000	(99,400)
School Administration	0	998	100,000	(99,002)
Central Services	90,568	501,854	0	501,854
Operations & Maintenance	400,123	260,218	730,818	(470,600)
Transportation	73,653	293,618	85,000	208,618
Facility Acquisition & Construction				
Services	123,705	82,744	570,000	(487,256)
Debt Service	587,024	418,226	418,226	0
	<u>1,279,098</u>	<u>1,560,987</u>	<u>\$ 2,380,444</u>	<u>\$ (819,457)</u>
Receipts Over (Under) Expenditures	197,132	(57,812)		
Unencumbered Cash, Beginning	820,742	1,017,874		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 1,017,874</u>	<u>\$ 960,062</u>		

**UNIFIED SCHOOL DISTRICT NO. 263**  
**SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -**  
**ACTUAL AND BUDGET**  
**REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2017)**

<u>Driver Training Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year <u>Actual</u>	<u>Actual</u>	<u>Budget</u>	
Cash Receipts				
Local Sources	\$ 10,652	\$ 11,280	\$ 15,000	\$ (3,720)
State Sources	10,752	8,704	14,000	(5,296)
	<u>21,404</u>	<u>19,984</u>	<u>\$ 29,000</u>	<u>\$ (9,016)</u>
Expenditures				
Instruction	30,157	0	\$ 33,500	\$ (33,500)
Vehicle Operations, Maintenance Services	<u>1,223</u>	<u>11,867</u>	<u>45,227</u>	<u>(33,360)</u>
	<u>31,380</u>	<u>11,867</u>	<u>\$ 78,727</u>	<u>\$ (66,860)</u>
Receipts Over (Under) Expenditures	(9,976)	8,117		
Unencumbered Cash, Beginning	59,704	49,728		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 49,728</u>	<u>\$ 57,845</u>		



**UNIFIED SCHOOL DISTRICT NO. 263**  
**SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -**  
**ACTUAL AND BUDGET**  
**REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2017)**

<u>Extraordinary School Program Fund</u>	Prior Year	<u>Current Year</u>		Variance -
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Over (Under)</u>
Cash Receipts				
Local Sources	\$ 45,746	\$ 0	\$ 0	\$ 0
	<u>45,746</u>	<u>0</u>	<u>0</u>	<u>0</u>
Expenditures				
Instruction	45,746	0	\$ 0	\$ 0
	<u>45,746</u>	<u>0</u>	<u>0</u>	<u>0</u>
Receipts Over (Under) Expenditures	0	0		
Unencumbered Cash, Beginning	0	0		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 0</u>	<u>\$ 0</u>		

**UNIFIED SCHOOL DISTRICT NO. 263**  
**SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -**  
**ACTUAL AND BUDGET**  
**REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2017)**

<u>Food Service Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 411,490	\$ 418,664	\$ 340,773	\$ 77,891
State Sources	8,928	9,443	7,465	1,978
Federal Sources	495,035	509,241	446,770	62,471
Transfers	4,166	4,112	5,000	(888)
	<u>919,619</u>	<u>941,460</u>	<u>\$ 800,008</u>	<u>\$ 141,452</u>
Expenditures				
Operations & Maintenance	51,450	62,236	\$ 146,500	\$ (84,264)
Food Service Operation	876,906	877,423	1,001,691	(124,268)
	<u>928,356</u>	<u>939,659</u>	<u>\$ 1,148,191</u>	<u>\$ (208,532)</u>
Receipts Over (Under) Expenditures	(8,737)	1,801		
Unencumbered Cash, Beginning	356,920	348,183		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 348,183</u>	<u>\$ 349,984</u>		

**UNIFIED SCHOOL DISTRICT NO. 263**  
**SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -**  
**ACTUAL AND BUDGET**  
**REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2017)**

<u>Professional Development Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 4,550	\$ 21,000	\$ 0	\$ 21,000
State Sources	0	2,361	4,263	(1,902)
Transfers	30,000	10,000	30,000	(20,000)
	<u>34,550</u>	<u>33,361</u>	<u>\$ 34,263</u>	<u>\$ (902)</u>
Expenditures				
Instructional Support Staff	14,240	35,587	\$ 76,985	\$ (41,398)
	<u>14,240</u>	<u>35,587</u>	<u>\$ 76,985</u>	<u>\$ (41,398)</u>
Receipts Over (Under) Expenditures	20,310	(2,226)		
Unencumbered Cash, Beginning	22,412	42,722		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 42,722</u>	<u>\$ 40,496</u>		

**UNIFIED SCHOOL DISTRICT NO. 263**  
**SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -**  
**ACTUAL AND BUDGET**  
**REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2017)**

<u>Parent Education Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
State Sources	\$ 0	\$ 17,850	\$ 22,750	\$ (4,900)
Federal Sources	6,893	0	0	0
Transfers	4,500	11,607	12,250	(643)
	<u>11,393</u>	<u>29,457</u>	<u>\$ 35,000</u>	<u>\$ (5,543)</u>
Expenditures				
Student Support Services	11,393	29,457	\$ 32,400	\$ (2,943)
Instructional Support Staff	0	0	2,600	(2,600)
	<u>11,393</u>	<u>29,457</u>	<u>\$ 35,000</u>	<u>\$ (5,543)</u>
Receipts Over (Under) Expenditures	0	0		
Unencumbered Cash, Beginning	0	0		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 0</u>	<u>\$ 0</u>		

**UNIFIED SCHOOL DISTRICT NO. 263**  
**SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -**  
**ACTUAL AND BUDGET**  
**REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2017)**

<u>Special Education Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 18,917	\$ 11,752	\$ 0	\$ 11,752
Federal Sources	430,743	469,735	444,980	24,755
Transfers	2,248,790	2,466,356	2,528,100	(61,744)
	<u>2,698,450</u>	<u>2,947,843</u>	<u>\$ 2,973,080</u>	<u>\$ (25,237)</u>
Expenditures				
Instruction	1,890,286	1,985,119	\$ 1,942,905	\$ 42,214
Student Support Services	614,641	671,938	727,895	(55,957)
General Administration	202,156	217,214	209,725	7,489
Student Transportation Services	68,978	76,845	70,600	6,245
	<u>2,776,061</u>	<u>2,951,116</u>	<u>\$ 2,951,125</u>	<u>\$ (9)</u>
Receipts Over (Under) Expenditures	(77,611)	(3,273)		
Unencumbered Cash, Beginning	1,279,343	1,201,732		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 1,201,732</u>	<u>\$ 1,198,459</u>		



**UNIFIED SCHOOL DISTRICT NO. 263**  
**SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -**  
**ACTUAL AND BUDGET**  
**REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2017)**

Career and Postsecondary Education Fund	Current Year			
	Prior Year Actual	Actual	Budget	Variance - Over (Under)
Cash Receipts				
Local Sources	\$ 193	\$ 0	\$ 0	\$ 0
Federal Sources	0	0	40,000	(40,000)
Transfers	281,823	289,736	273,860	15,876
	<u>282,016</u>	<u>289,736</u>	<u>\$ 313,860</u>	<u>\$ (24,124)</u>
Expenditures				
Instruction	280,170	291,485	\$ 409,101	\$ (117,616)
School Administration	0	0	7,000	(7,000)
	<u>280,170</u>	<u>291,485</u>	<u>\$ 416,101</u>	<u>\$ (124,616)</u>
Receipts Over (Under) Expenditures	1,846	(1,749)		
Unencumbered Cash, Beginning	100,395	102,241		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 102,241</u>	<u>\$ 100,492</u>		

**UNIFIED SCHOOL DISTRICT NO. 263**  
**SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -**  
**ACTUAL AND BUDGET**  
**REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2017)**

<u>KPERS Contribution Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
State Sources	\$ 0	\$ 1,417,821	\$ 1,469,303	\$ (51,482)
Transfers	915,453	0	0	0
	<u>915,453</u>	<u>1,417,821</u>	<u>\$ 1,469,303</u>	<u>\$ (51,482)</u>
Expenditures				
Instruction	583,659	1,040,000	\$ 1,091,303	\$ (51,303)
Student Support Services	36,000	45,000	45,000	0
Instructional Support Staff	35,000	40,000	40,000	0
General Administration	35,000	40,000	40,000	0
School Administration	123,000	125,000	125,000	0
Other Supplemental Services	11,000	16,000	16,000	0
Operations & Maintenance	55,000	70,000	70,000	0
Student Transportation Services	11,000	12,000	12,000	0
Food Service Operation	25,794	29,821	30,000	(179)
	<u>915,453</u>	<u>1,417,821</u>	<u>\$ 1,469,303</u>	<u>\$ (51,482)</u>
Receipts Over (Under) Expenditures	0	0		
Unencumbered Cash, Beginning	0	0		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 0</u>	<u>\$ 0</u>		

**UNIFIED SCHOOL DISTRICT NO. 263**  
**SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -**  
**ACTUAL AND BUDGET**  
**REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2017)**

<u>Historical Museum Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 63,255	\$ 67,653	\$ 61,314	\$ 6,339
County Sources	2,802	6,768	6,410	358
	<u>66,057</u>	<u>74,421</u>	<u>\$ 67,724</u>	<u>\$ 6,697</u>
Expenditures				
Community Services Operations	66,090	77,840	\$ 77,840	\$ 0
	<u>66,090</u>	<u>77,840</u>	<u>\$ 77,840</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	(33)	(3,419)		
Unencumbered Cash, Beginning	18,141	18,108		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 18,108</u>	<u>\$ 14,689</u>		

**UNIFIED SCHOOL DISTRICT NO. 263**  
**SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -**  
**ACTUAL AND BUDGET**  
**REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2017)**

<u>Recreation Commission Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 594,705	\$ 596,611	\$ 535,723	\$ 60,888
County Sources	65,396	67,578	59,969	7,609
	<u>660,101</u>	<u>664,189</u>	<u>\$ 595,692</u>	<u>\$ 68,497</u>
Expenditures				
Community Service Operations	663,975	650,000	\$ 650,000	\$ 0
	<u>663,975</u>	<u>650,000</u>	<u>\$ 650,000</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	(3,874)	14,189		
Unencumbered Cash, Beginning	83,593	79,719		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 79,719</u>	<u>\$ 93,908</u>		

**UNIFIED SCHOOL DISTRICT NO. 263**  
**SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -**  
**ACTUAL AND BUDGET**  
**REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2017)**

Recreation Commission Employee Benefits Fund		Current Year		
	Prior Year			Variance -
	Actual	Actual	Budget	Over (Under)
Cash Receipts				
Local Sources	\$ 56,574	\$ 53,417	\$ 47,365	\$ 6,052
County Sources	7	139	6,196	(6,057)
	<u>56,581</u>	<u>53,556</u>	<u>\$ 53,561</u>	<u>\$ (5)</u>
Expenditures				
Community Service Operations	52,961	59,559	\$ 59,559	\$ 0
	<u>52,961</u>	<u>59,559</u>	<u>\$ 59,559</u>	<u>\$ 0</u>
Receipts Over (Under) Expenditures	3,620	(6,003)		
Unencumbered Cash, Beginning	3,473	7,093		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 7,093</u>	<u>\$ 1,090</u>		

**UNIFIED SCHOOL DISTRICT NO. 263**  
**SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -**  
**ACTUAL AND BUDGET**  
**REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2017)**

<u>Bond and Interest Fund</u>	<u>Current Year</u>			Variance - Over (Under)
	Prior Year Actual	Actual	Budget	
Cash Receipts				
Local Sources	\$ 1,429,385	\$ 1,197,598	\$ 1,099,530	\$ 98,068
County Sources	151,699	138,981	132,309	6,672
State Sources	662,080	709,878	709,878	0
	<u>2,243,164</u>	<u>2,046,457</u>	<u>\$ 1,941,717</u>	<u>\$ 104,740</u>
Expenditures				
Debt Service	<u>2,069,000</u>	<u>2,087,875</u>	<u>\$ 2,087,876</u>	<u>\$ (1)</u>
	<u>2,069,000</u>	<u>2,087,875</u>	<u>\$ 2,087,876</u>	<u>\$ (1)</u>
Receipts Over (Under) Expenditures	174,164	(41,418)		
Unencumbered Cash, Beginning	1,417,818	1,591,982		
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>		
Unencumbered Cash, Ending	<u>\$ 1,591,982</u>	<u>\$ 1,550,564</u>		

**UNIFIED SCHOOL DISTRICT NO. 263**  
**SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL**  
**REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2017)**

<u>Federal Funds</u>	Prior Year Actual	Current Year Actual
Cash Receipts		
Federal Sources	\$ 301,006	\$ 283,240
	<u>301,006</u>	<u>283,240</u>
Expenditures		
Instruction	276,925	263,982
Instructional Support Services	12,144	19,304
School Administration	6,699	6,372
	<u>295,768</u>	<u>289,658</u>
Receipts Over (Under) Expenditures	5,238	(6,418)
Unencumbered Cash, Beginning	7,027	12,265
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 12,265</u>	<u>\$ 5,847</u>



**UNIFIED SCHOOL DISTRICT NO. 263**  
**SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL**  
**REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2017)**

Gifts and Grants Fund

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources	\$ 274,319	\$ 86,183
	<u>274,319</u>	<u>86,183</u>
Expenditures		
Instruction	<u>244,473</u>	<u>135,054</u>
	<u>244,473</u>	<u>135,054</u>
Receipts Over (Under) Expenditures	29,846	(48,871)
Unencumbered Cash, Beginning	157,794	187,640
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 187,640</u>	<u>\$ 138,769</u>

**UNIFIED SCHOOL DISTRICT NO. 263**  
**SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL**  
**REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2017)**

Contingency Reserve Fund

	Prior Year Actual	Current Year Actual
Cash Receipts		
Transfers	\$ 0	\$ 0
	<u>0</u>	<u>0</u>
Expenditures		
General Administration	9,884	0
Central Services	0	61,257
Student Transportation Services	0	67,000
	<u>9,884</u>	<u>128,257</u>
Receipts Over (Under) Expenditures	(9,884)	(128,257)
Unencumbered Cash, Beginning	848,269	838,385
Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
Unencumbered Cash, Ending	<u>\$ 838,385</u>	<u>\$ 710,128</u>

**UNIFIED SCHOOL DISTRICT NO. 263**  
**SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - ACTUAL**  
**REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2018**  
**(With Comparative Actual Totals for the Prior Year Ended June 30, 2017)**

Textbook & Student Material Revolving Fund

	Prior Year Actual	Current Year Actual
Cash Receipts		
Local Sources	\$ 175,670	\$ 167,307
Transfers	<u>70,000</u>	<u>102,619</u>
	<u>245,670</u>	<u>269,926</u>
 Expenditures		
Instruction	<u>337,347</u>	<u>322,942</u>
	<u>337,347</u>	<u>322,942</u>
 Receipts Over (Under) Expenditures	(91,677)	(53,016)
 Unencumbered Cash, Beginning	238,183	146,506
 Prior Year Canceled Encumbrances	<u>0</u>	<u>0</u>
 Unencumbered Cash, Ending	<u>\$ 146,506</u>	<u>\$ 93,490</u>

**UNIFIED SCHOOL DISTRICT NO. 263**  
**AGENCY FUNDS**  
**SCHEDULE OF CASH RECEIPTS AND CASH DISBURSEMENTS**  
**REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Fund	Beginning Cash Balance	Cash Receipts	Cash Disbursements	Ending Cash Balance
Mulvane High School				
Athletic Fund Raising	\$ 12,630	\$ 4,479	\$ 7,656	\$ 9,453
Community Support Network	842	0	0	842
Sales Tax	62	13,372	13,434	0
Booster Club Donations	1,737	0	358	1,379
Baseball	314	4,417	1,404	3,327
Basketball-Girls	3,133	3,331	4,431	2,033
Basketball - Boys	374	8,270	6,885	1,759
Bowling	668	1,618	1,905	381
Cheerleading Club	1,610	22,233	17,333	6,510
Cross Country - MHS	415	1,910	1,642	683
Flag Team	920	1,629	1,599	950
Football	279	13,112	8,514	4,877
Golf - Boys Club	29	94	0	123
Golf - Girls Club	117	547	647	17
Klassy Kat Dance Club	792	8,847	9,103	536
Soccer - Boys	3,441	699	603	3,537
Soccer - Girls	940	2,052	1,760	1,232
Softball	108	3,493	1,401	2,200
Track and Field	36	1,135	727	444
Volleyball	1,013	1,693	1,248	1,458
Wrestling	2,711	2,874	2,864	2,721
Band/Percussion Club	1,164	3,704	1,507	3,361
Class of 2017	2,727	50	2,777	0
Class of 2018	920	2,809	2,402	1,327
Class of 2019	0	11,746	11,746	0
Jr Class Service Project	88	500	76	512
Debate/Forensics/NFL	192	8,210	8,344	58
Drama	95	4,624	4,507	212
Future Business Leaders of America	498	2,334	2,091	741
FCCLA	584	3,362	3,149	797
FFA	0	3,540	845	2,695
Circle of Friends	317	902	766	453
Kay Club	938	1,749	2,053	634
KCAT	89	35	72	52
	<u>39,783</u>	<u>139,370</u>	<u>123,849</u>	<u>55,304</u>

**UNIFIED SCHOOL DISTRICT NO. 263**  
**AGENCY FUNDS**  
**SCHEDULE OF CASH RECEIPTS AND CASH DISBURSEMENTS**  
**REGULATORY BASIS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

<u>Fund</u>	<u>Beginning Cash Balance</u>	<u>Cash Receipts</u>	<u>Cash Disbursements</u>	<u>Ending Cash Balance</u>
Mulvane High School (continued)				
National Honor Society	611	1,367	777	1,201
Rowdie Crowd Pep Club	2,043	3,277	4,470	850
SADD/RAD Club	2,558	3,449	3,968	2,039
Scholars Bowl	242	0	0	242
Sch Newspaper Club (Cat Tracks)	224	0	91	133
Skills USA	995	1,850	347	2,498
Student Council	151	6,820	6,869	102
Thespians	104	561	0	665
Vocal Music/Espirit Club	5,065	10,357	4,780	10,642
Wildcat Café	6,165	3,235	3,051	6,349
Yearbook Club	1,737	24,780	25,960	557
	<u>19,895</u>	<u>55,696</u>	<u>50,313</u>	<u>25,278</u>
Mulvane Middle School				
Student Achievement - Donation	1,781	513	198	2,096
Basketball - Girls	49	1,611	932	728
Basketball - Boys	1,029	514	976	567
Cheerleaders	1,411	17,888	17,951	1,348
Cross Country	232	0	0	232
Football	1,473	1,000	1,534	939
Track	719	690	269	1,140
Volleyball	255	0	248	7
Wrestling Club	752	560	774	538
National Honor Society	716	745	744	717
SADD/RAD Club	2,142	1,393	1,565	1,970
Sevenettes Club	225	66	0	291
Student Council	2,620	957	985	2,592
Yearbook Club	1,809	9,340	9,710	1,439
	<u>15,213</u>	<u>35,277</u>	<u>35,886</u>	<u>14,604</u>
Total Agency Funds	<u>\$ 74,891</u>	<u>\$ 230,343</u>	<u>\$ 210,048</u>	<u>\$ 95,186</u>

**UNIFIED SCHOOL DISTRICT NO. 263  
DISTRICT ACTIVITY FUNDS  
SCHEDULE OF CASH RECEIPTS, EXPENDITURES,  
AND UNENCUMBERED CASH  
REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2018**

Fund	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
<b>Mulvane High School</b>							
Activity Passes - Patrons	\$ 0	\$ 0	\$ 2,983	\$ 2,983	\$ 0	\$ 0	\$ 0
Gate Receipts/Ath/Unif Replace	0	0	48,161	48,161	0	0	0
Concessions	17,732	0	31,098	26,910	21,920	0	21,920
Interest	36	0	37	36	37	0	37
Clearing Account	1,216	0	10,910	10,365	1,761	0	1,761
Library (Fines & Book Fairs)	654	0	237	168	723	0	723
	<u>19,638</u>	<u>0</u>	<u>93,426</u>	<u>88,623</u>	<u>24,441</u>	<u>0</u>	<u>24,441</u>
<b>Mulvane Middle School</b>							
Activity Passes - Patrons	0	0	1,842	1,842	0	0	0
Gate Receipts/Athlete/Uniform Replace	0	0	14,102	14,102	0	0	0
Athletic Entry Fees	0	0	1,265	1,265	0	0	0
Concessions	4,026	0	17,085	14,513	6,598	0	6,598
Interest	127	0	9	127	9	0	9
Refund	0	0	43	43	0	0	0
Donations - Misc.	85	0	1,032	731	386	0	386
Pop/Vending	428	0	1,334	1,549	213	0	213
Band/Percussion Club	0	0	1,624	1,624	0	0	0
	<u>4,666</u>	<u>0</u>	<u>38,336</u>	<u>35,796</u>	<u>7,206</u>	<u>0</u>	<u>7,206</u>



**UNIFIED SCHOOL DISTRICT NO. 263  
DISTRICT ACTIVITY FUNDS  
SCHEDULE OF CASH RECEIPTS, EXPENDITURES,  
AND UNENCUMBERED CASH  
REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2018**

Fund	Beginning Unencumbered Cash Balance	Prior Year Canceled Encumbrances	Cash Receipts	Expenditures	Ending Unencumbered Cash Balance	Add Encumbrances and Accounts Payable	Ending Cash Balance
Mulvane Grade School							
Library	273	0	5,408	4,840	841	0	841
IOTA CHI Donation	33	0	0	0	33	0	33
Donation - Misc.	3,157	0	1,934	2,908	2,183	0	2,183
T.A.P.E Donation	6,710	0	5,286	5,913	6,083	0	6,083
	<u>10,173</u>	<u>0</u>	<u>12,628</u>	<u>13,661</u>	<u>9,140</u>	<u>0</u>	<u>9,140</u>
Munsion Primary School							
Library	3,160	0	6,539	4,511	5,188	0	5,188
IOTA CHI Donation	994	0	0	0	994	0	994
Donation - Misc.	55	0	0	3	52	0	52
T.A.P.E Donation	12,471	0	6,869	12,563	6,777	0	6,777
Just Give - Donation	12,296	0	100	6,469	5,927	0	5,927
	<u>28,976</u>	<u>0</u>	<u>13,508</u>	<u>23,546</u>	<u>18,938</u>	<u>0</u>	<u>18,938</u>
Total District Activity Funds	<u>\$ 63,453</u>	<u>\$ 0</u>	<u>\$ 157,898</u>	<u>\$ 161,626</u>	<u>\$ 59,725</u>	<u>\$ 0</u>	<u>\$ 59,725</u>

## **FEDERAL AWARD INFORMATION**



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# BUSBY FORD & REIMER, LLC

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CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN  
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**INDEPENDENT AUDITORS' REPORT**

**Board of Education  
Unified School District No. 263  
Mulvane, Kansas**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statement of **Unified School District No. 263, Mulvane, Kansas**, as of and for the year ended **June 30, 2018**, and the related notes to the financial statement, which collectively comprise **Unified School District No. 263, Mulvane, Kansas'** basic financial statement, and have issued our report thereon dated November 7, 2018. In our report, our opinion on the financial statement was unmodified based on the prescribed basis of accounting that demonstrates compliance with the *Kansas Municipal Audit and Accounting Guide* which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered **Unified School District No. 263, Mulvane, Kansas'** internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of **Unified School District No. 263, Mulvane, Kansas'** internal control. Accordingly, we do not express an opinion on the effectiveness of **Unified School District No. 263, Mulvane, Kansas'** internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

**Board of Education  
Unified School District No. 263**

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **Unified School District No. 263, Mulvane, Kansas'** financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

***Busby Ford & Reimer, LLC***

Busby Ford & Reimer, LLC  
November 7, 2018



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# BUSBY FORD & REIMER, LLC

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CERTIFIED PUBLIC ACCOUNTANTS

## REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

### INDEPENDENT AUDITORS' REPORT

**Board of Education  
Unified School District No. 263  
Mulvane, Kansas**

Report on Compliance for Each Major Federal Program

We have audited the compliance of **Unified School District No. 263, Mulvane, Kansas**, with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of **Unified School District No. 263, Mulvane, Kansas'** major federal programs for the year ended **June 30, 2018**. **Unified School District No. 263, Mulvane, Kansas'** major federal financial programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of **Unified School District No. 263, Mulvane, Kansas'** major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations (CFR)* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the *Kansas Municipal Audit and Accounting Guide*. Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **Unified School District No. 263, Mulvane, Kansas'** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of **Unified School District No. 263, Mulvane, Kansas'** compliance.

**Board of Education  
Unified School District No. 263**

Opinion on Each Major Federal Program

In our opinion, **Unified School District No. 263, Mulvane, Kansas** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended **June 30, 2018**.

Report on Internal Control Over Compliance

Management of **Unified School District No. 263, Mulvane, Kansas** is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered **Unified School District No. 263, Mulvane, Kansas'** internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of **Unified School District No. 263, Mulvane, Kansas'** internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weakness may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

***Busby Ford & Reimer, LLC***

Busby Ford & Reimer, LLC  
November 7, 2018



**UNIFIED SCHOOL DISTRICT NO. 263**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

Grant Title	Federal CFDA No.	Program Amount	Unencumbered Cash 7-1-17	Receipts	Expenditures	Unencumbered Cash 6-30-18
<u>(Passes Through Kansas Department of Education)</u>						
Department of Agriculture						
Child Nutrition Cluster-Cluster						
School Breakfast Program	10.553	\$ 95,253				
National School Lunch Program	10.555	386,184				
Summer Food Service Program for Children	10.559	27,804				
		<u>509,241</u>	<u>\$ 0</u>	<u>\$ 509,241</u>	<u>\$ 509,241</u>	<u>\$ 0</u>
Department of Education						
Title I Grants to Local Educational Agencies	84.010	204,501	0	204,501	204,501	0
Career and Technical Education - Basic Grants to States	84.048	26,949	0	26,949	26,949	0
Supporting Effective Instruction State Grants	84.367	45,721	12,265	45,721	52,139	5,847
Student Support and Academic Enrichment Program	84.424	6,069	0	6,069	6,069	0
Special Education Cluster (IDEA)-Cluster						
Special Education Grants to States	84.027	332,261	0	332,261	332,261	0
Special Education Preschool Grants	84.173	12,624	0	12,624	12,624	0
Department of Health and Human Services						
Temporary Assistance for Needy Families Cluster-Cluster						
Temporary Assistance for Needy Families	93.558	5,220	0	5,220	5,220	0
		<u>633,345</u>	<u>12,265</u>	<u>633,345</u>	<u>639,763</u>	<u>5,847</u>
<u>(Southeast Kansas Education Service Center)</u>						
Department of Health and Human Services						
Medical Assistance Program	93.778	124,850	0	124,850	124,850	0
Total Federal Awards		<u>\$ 1,267,436</u>	<u>\$ 12,265</u>	<u>\$ 1,267,436</u>	<u>\$ 1,273,854</u>	<u>\$ 5,847</u>

The accompanying notes are an integral part of this schedule.



**UNIFIED SCHOOL DISTRICT NO. 263**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2018**

**Note 1 - Basis of Presentation:**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of **Unified School District No. 263, Mulvane, Kansas**, and is prepared on the basis of accounting as described in Note 1 of the notes to the financial statement. The information in this schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

**Note 2 - Indirect Cost Rate:**

The District has elected not to use the 10% de minimis cost rate allowed under Section 200.414(f) of the Uniform Guidance.

**UNIFIED SCHOOL DISTRICT NO. 263  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2018**

**SUMMARY OF AUDIT RESULTS**

1. The independent auditors' report expresses an unmodified opinion on the financial statement of **Unified School District No. 263, Mulvane, Kansas**.
2. No significant deficiencies or material weaknesses were reported in the Report On Internal Control Over Financial Reporting And On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statement of **Unified School District No. 263, Mulvane, Kansas**, were disclosed during the audit.
4. No significant deficiencies or material weakness were reported in the Report On Compliance For Each Major Program And On Internal Control Over Compliance Required By The Uniform Guidance.
5. The independent auditors' report on compliance for the major federal award programs for **Unified School District No. 263, Mulvane, Kansas**, expresses an unmodified opinion on all major federal programs.
6. There were no audit findings relative to the major federal award programs for **Unified School District No. 263, Mulvane, Kansas**.
7. The programs tested as major programs were:

Child Nutrition Cluster-Cluster	
School Breakfast Program	10.553
National School Lunch Program	10.555
Summer Food Service Program for Children	10.559
Student Support and Academic Enrichment Program	84.424
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. **Unified School District No. 263, Mulvane, Kansas**, was determined not to be a low-risk auditee.

**UNIFIED SCHOOL DISTRICT NO. 263  
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2018**

There are no prior audit findings.